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President

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**Testimony of the Independent Insurance Agents of Connecticut  
to the Insurance And Real Estate Committee  
In Opposition to Raised Bill 5308  
An Act Establishing a Nonprofit Workers' Compensation Insurance Company**

Senator Crisco, Representative Fontana and members of the Insurance and Real Estate committee, my name is Warren Ruppar and I am President of the Independent Insurance Agents of Connecticut. The Independent Insurance Agents of Connecticut is a trade association which has been located in Connecticut and has represented independent agents for 111 years. IIAC currently represents more than 400 member agencies and their associates as well as their 3500-plus employees. I come to you today to speak in opposition to Raised Bill 5308.

Connecticut's workers' compensation insurance market is very competitive and Connecticut businesses have many options when looking for a workers' compensation insurance company. Workers' compensation rates have been stable and loss costs and assigned risk rates have dropped significantly since the reforms of 1993. The assigned risk pool for workers' compensation is also decreasing in volume due to the competitive and stable marketplace.

The establishment of state funds for workers' compensation historically is done when there is a market crisis. The fund is useful as an instrument of last resort to provide insurance for state residents and businesses. This is certainly not the case in Connecticut. It is our concern that the establishment of a state fund will have a negative impact on those companies that currently sell workers' compensation insurance in Connecticut. This proposal will actually increase the cost for workers' compensation insurance for Connecticut consumers because there is a 3% tax that will be levied on all workers' compensation insurance premiums.

At a time when the Connecticut Legislature is looking to increase jobs, this bill will have a negative effect on jobs in Connecticut. Raised Bill 5308 forms a company that will not pay the same taxes as other insurance companies, thereby giving them an unfair advantage in the marketplace. In addition, the state would offer workers' compensation coverage direct to customers which will take business away from the licensed producers who currently sell workers' compensation insurance.

IIAC urges the committee to oppose this legislation and focus on ways to continue the successful reforms that have built the competitive marketplace that we currently have in Connecticut.